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INNOVATION ACTIVITY MANAGEMENT DURING STRATEGY IMPLEMENTATION FOR GROWTH POTENTIAL OF FOOD COMPANIES

There were described the peculiarities of innovation management in the food industry while choosing the potential economic growth strategy. In the article the theoretical concepts and methodological foundations of innovation component analysis of financial and economic activities are developed that will contribute to the growth of economic potential and business performance. There was proposed the conceptual scheme of formation and implementation the innovation component of potential economic growth strategy.

Key words: innovation component, growth strategy, economic potential, the company of food industry, innovation management.

Problem statement. Innovation studies conventionally classify the food industry as a sector of low research intensity. Under these circumstances particular attention is attached to the problems connected with a formation of the efficient management of innovative processes at all levels. Solution of these problems necessitates to develop the appropriate theoretical basis and to determine the tasks of innovative transformations. Nowadays there still exists a high degree of uncertainty regarding implementations of innovations which is due to a necessity of finding out the methods and mechanisms that impact the innovation activity of enterprises. A set of specific methods, approaches, techniques and forms used by an enterprise to implement the innovation component in accordance with the preset criteria and targets shapes an economic potential growth model of the enterprise which enables to achieve certain tasks determined by each enterprise individually with due account of peculiar features of its financial and business activity, development strategy components and the entrepreneurial environment.

Analysis of main studies and publications. J. Schumpeter was the first scientist who determined the economic essence of innovations, scientifically substantiated the specific content of categories and performed a systemic representation of the innovation process. The issues of the innovation development were also considered by Ukrainian scientists such as V. Aleksandrova, O. Butnyk-Siversky, V. Geiets, T. Govorushko, D. Krysanov, O. Petykhova and I. Fedulova.

Currently the studies devoted to the food industry in Ukraine are virtually limited by analysis of the innovation activity of enterprises without considering the entire innovation system which includes market penetration and implementation of new products, processes or services. System concept is also necessary in order to investigate the interaction among various participants of the innovation system. Besides, the aspects of the innovation component of the economic growth strategy of food industry enterprises in the context of Ukraine remain unexamined.

Highlighting parts of the general problem that have not been solved earlier. With a view of studying the innovation component within a frame of

the methodology of formation and accomplishment of the economic growth potential of food enterprises, it is required to examine what factors influence the efficiency of the innovation system in the food industry and how they interact within a system. The problems of formation and management of the innovation potential are particularly challenging for those industrial enterprises that are characterized by a considerable number of factors that impact their activities.

It is important as well to analyze how the innovation activity of enterprises is formed and what kind of the entrepreneurial environment the food industry of Ukraine has. It will make it possible to develop methodological guidelines and take into account the results of the future innovation component development within a frame of the economic potential growth strategy.

Objective of the paper. Under current conditions of their development the food industry enterprises necessitate to develop a new model of economic growth which is to reflect the capacity of enterprises referring to the innovation development. A strategy of the economic potential growth of the food industry enterprises can present such model based upon the innovation component.

Main results of the study. Commissioning of a new enterprise is considered to be a new development. As soon as a decision on commissioning has been taken, the new development acquires a new stature and becomes an innovation. Innovations are one of the conditions for developing business entities, quality improvement, greater production output and emergence of new goods and services.

The Oxford Dictionary treats the term «innovation» wider as it states: «any new approach to design of production or sales of commodities which gives competitive advantage to the innovator or his company. Using patents, the successful innovator can ensure for himself a temporary monopoly though, with a course of time, the competitors will find ways to penetrate the appropriate market. Some companies begin to issue new products that is oriented on the already formed demand, the other companies develop technological novelties thereby creating new markets» [4, p. 246].

The word «innovation» (Eng.) comes from the Latin «novatio» (novelty) and English prefix «in». In English «innovation» means «introduction of something new, renovation». B. Twiss considers innovations to be a process wherein an invention or ideas acquire economic content [9, p. 45]. R. Fathudinov believes that an innovation means the final result of novelty introduction with a view of changing the object of management and gaining economic, social, ecological, research and technological or any other effect [10, p. 32]. O. Lapko asserts that an innovation should be viewed as a process of innovating which does not end after the new equipment was commissioned or when a new technology reached the design capacity, but is a continuous process even after commissioning [8, p. 48]. Analyzed in the course of this study were the definitions of the terms «innovation» and «novelty» - Ukrainian scientists use them as synonyms [3,6]. The monograph [1, p. 142] indicates that the term «novelty» is a variant of the Ukrainian translation of the English word «innovation», therefore it is not required to look for differences between novelty and innovation. However, some scientists [2, 5] consider that the above terms

have different content and that not every novelty is the innovation. So, we can say that by now there is no generally accepted definition of the «innovation» notion.

Having analyzed the above described notions we can assert that innovations are the novelties that make use of achievements of the science and technology and ensure renovation of fixed assets, optimal use of resources and energy savings when implementing new technologies, also, they tend to improve economical indicators of businesses.

The food industry is one of the most important in Ukraine and plays a great role in employment and creation of added value. It is also takes on enormous importance in processing agricultural raw material and provision of population with food products. During last decades the food industry implemented technological and economical changes in production and processing of foodstuffs, social environment, logistic chains from production of agricultural products to processing foodstuffs and final distribution by consumers. The innovation component of the economic potential growth strategy of the food industry enterprises can be: development of new foodstuffs, new scientific and technological possibilities in processing foodstuffs, structural changes in the food industry and trade with foodstuffs. All these innovations should be implemented with due account of the influence of the world food crisis, social and demographic development, growth of world population and changes in the consumer behaviour.

Efficient investments make the most important component of changes which ensures prompt response of the food industry enterprises and the impact of the internal and external environment. Restoration of the investors' trust, professional use of various investment sources, release of enterprise crediting, improvement of the investment climate, preservation of one's own and increase of the innovation development potential and attractiveness of investments – these are the main priorities for concentrating the efforts.

Innovation activity in the food industry can be viewed at various levels with the use of diverse methodological approaches. The methods to analyze, establish and implement innovations can be different. Some methods are linked to the final result of the new product implementation while other methods base themselves on the data of new product circulation on the market or on questioning about innovation activities of enterprises. Application of various methods in the course of a study enables to get a full picture of priorities in the innovation activity of enterprises.

It should be noted that each of these instruments may not, when taken all by itself, cover innovations in the food industry to full extent and that it is only due to interaction of various methodological approaches it is possible to obtain a clearer picture of various aspects on the enterprise innovation activity. J. Schumpeter studied new combinations of the enterprise development in his work «Economic Development Theory» and proposed his own description of the innovation process which is characterized by:

- manufacturing of a new product having new qualitative properties;
- application of a new production method which is not necessarily based upon a scientific invention;

- development of a new market by the industry branch of a country;
- new source of the raw material or semi-finished products;
- introduction of new forms of organization and institutional [13].

Contemporary innovative nature of foodstuffs production makes it necessary to manage innovations strategically using the science and technology achievements. To solve the problems associated with the innovation development of the food industry enterprises, it is necessary to develop an appropriate strategy and a new model of economic growth of the enterprise. One of the options for solving this problem is to implement a scientific hypothesis regarding a possibility of developing and accomplishment of the economic potential growth strategy under globalization of the world economy.

Current globalization processes necessitate that Ukrainian enterprises proactively integrate in the world trading network. It is especially pressing under conditions when export makes one of the main conditions of the national economy development. Therefore domestic enterprises should make all efforts to ensure in its economic environment the most favoured regime for growth of the economic potential of enterprises, particularly for those engaged in the food industry.

That is why a development of the economic potential growth strategy is one of the main functions of strategic management of enterprises which provides for conquering a strong position on the market, development of approaches to its successful accomplishment in uncertain entrepreneurial environment, severe competition and internal problems, and for determining the targets and long-term prospects for developing investment activity at the enterprise; transformation of general objectives to specific directions of investment activity; efficient accomplishment of the developed strategy with a view of reaching set targets and development prospects; analysis of the market situation, adjustment of long-term directions of the investment activity with due account of the accumulated experience, the circumstances that change, and new ideas and capacities of the enterprise.

Analysis of the innovation activity of the food industry enterprises proves that the overcoming of unfavourable trends in social and economic development is restrained by obsolete technological structure of the industrial production, low level of production capacities and insufficient governmental funding of research, design and construction works. Financial support of innovation activity at industrial enterprises is accomplished at the level of 75% out of the enterprises' own revenues, governmental funding comprises just 5% and bank loans and funds provided by domestic and foreign investors make about 20%.

I. Fedulov's evolutionary model of innovation development considers four phases of the enterprises' development [11, 12]. Each phase includes periods/intervals that reiterate. The amplitude of a phase depends on management of the enterprise. The first phase of the model is connected with origination (establishment) of the enterprise. An idea is the most probable condition for the establishment of a new enterprise. Such idea may be of technical, organizational or financial nature or be connected with service provision or development of the enterprise. The main factor of development of an enterprise in the first phase is recruitment of personnel and team building. The second

phase concerns diversification of products, i.e., the enterprise can consider just those ideas that ensure diversification process. It is in that phase that a majority of goods and services are developed and ensure survival and penetration of the appropriate market segment. The third phase envisages the development of technological potential, i.e. the technical pattern of the enterprise is formed. The basis of development in that phase is «indifference to technologies», i.e., the enterprise can issue products using any of the existing technologies, and gradual reduction of the enterprise's technological capacity. The fourth phase completes development of the enterprise as a homogenous structure from the viewpoint of organization and finances. The strategic objective of the fourth phase is to form a mini-economy, i.e., a system able to support the development of innovations using the market laws and protecting the innovative enterprise.

Numerous empiric studies made by European scientists have shown that the innovation technology suppliers make a substantial contribution to the innovation activity of the food industry enterprises. Such contribution concerns technical developments that refer to such key technologies as information and communication technologies and biotechnology, and manifests itself by the fact that the food industry enterprises purchase new equipment and machinery and use new ingredients developed by innovation companies when producing foodstuffs [14, p. 11].

The innovation activity in the food industry includes innovations of products and technological processes. Here, the «innovations of products» mean new foodstuffs that are to be used by consumers. In other words, new products are characterized not only by a change of properties but also by the fact that they must be represented on the market. The «innovation of processes» means new combinations of technological, organizational and human factors of production with a view of achieving reduction of production costs or implementation of new technologies in order to issue new products. Innovations in kind of new products, methods or services are the main instrument of the food industry enterprise that differentiates it from the competitors and meets the consumers' expectations.

Modern global entrepreneurial environment needs the following innovation processes: higher priority role of specialization and cooperation of production, higher technologies and new kinds of raw materials; substantial advance of research and technical knowledge in connection with the fundamental changes in the international division of labour, trading with licenses, know-how and research information.

Innovation depends on two conditions: a human intellectual potential and human ability of collecting, accumulating and processing informational flows. Knowledge generation is viewed as creation of knowledge by processing information on the basis of generally known information. Intellectual activity of people makes a source of new knowledge. The knowledge is realized in the innovation activity. The innovative production structure is composed of two types of factors: materialized and non-materialized, and they make the basis for acknowledgement of the innovation potential [12, p 30].

Enterprises should create new forms of research and production that can ensure technological changes and accomplish the conditions for accelerating

innovative processes which should become one of the most important directions of the strategy of economic potential of enterprises. On the basis of the analysis of existing scientific views we can propose such stages of development and accomplishment of the economic potential growth strategy of an enterprise:

1. Determination of the mission and strategic objective system.
2. Assessment of the economic potential and entrepreneurial environment.
3. Determination of the priority lines of development of the enterprise.
4. Selection of the economic potential growth strategy of the enterprise.
5. Accomplishment of the economic potential growth strategy of the enterprise.
6. Assessment of the implementation efficiency of the economic potential growth strategy of the enterprise.

The innovation component of the economic potential growth strategy of enterprises unites fundamental and applied research; design and construction and technological developments; testing and commissioning of novelties in the industry. Accomplishment of these developments should be based upon strategic management of innovations that provides for the substantiation of the strategic tasks of the enterprise innovative development, assessment of the possibilities and resources required to achieve such tasks, analysis of the state of development of the scientific and innovation sphere and organizational structures and substantiation of the factors that considerably influence the results of the innovation activity of the enterprise. Effective innovation activity is based on a prediction of the requirement in certain innovations that can make the basis for the development of cardinally new and advanced technologies, issue of high-tech products and development of progressive organizational and management decisions.

The formation of the innovative component of the economic potential growth of enterprises provides for a possibility to take into account future tasks, consider the enterprise activity as a continuous process wherein the current actions are linked to the future ones, manage not only short-term but also the long-term development objectives, determine the main requirements of the market and respond to changes in the entrepreneurial environment.

The advance of transformations poses such problems to the food industry enterprises: to define the development priorities with due consideration of the available resources; to provide for a dynamic economic growth; to facilitate innovation development of the foodstuffs production and to substantiate the methodology of further growth. Accomplishment of these tasks necessitates a conceptual theoretical and practical grounding of the possibilities and expediency of the innovative development, adequate and modern management paradigm which is able to adapt the enterprises to the new environment. The conceptual diagram that illustrates the formation and accomplishment of the innovative component of the economic potential growth strategy of the food industry enterprises is shown in Fig. 1.

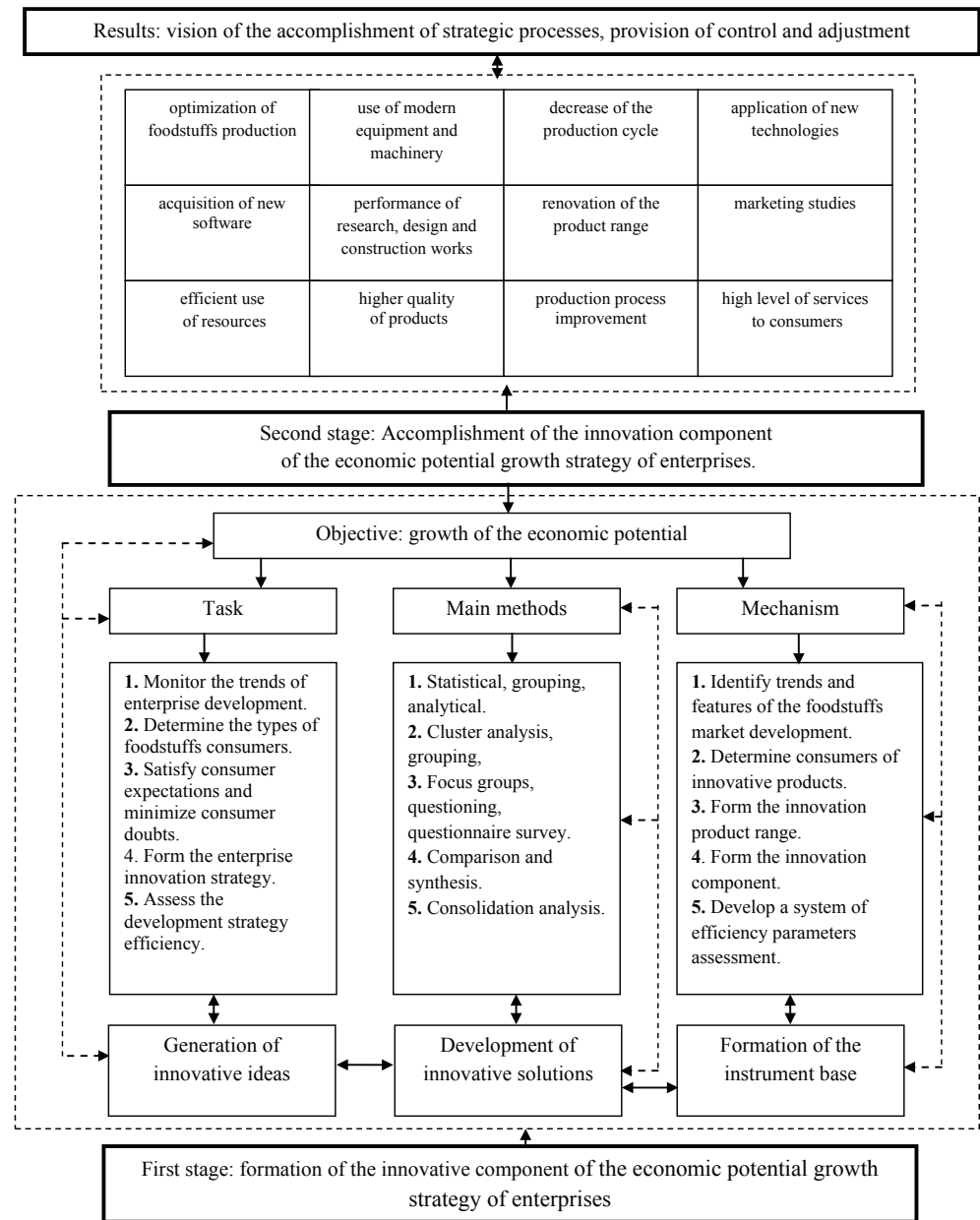


Fig. 1. Conceptual diagram illustrating the formation and accomplishment of the innovative component of the economic potential growth strategy of enterprises (*developed by author)

It should be noted that in Ukraine there are no methodological materials concerning assessment of modern technologies that are applied at the food industry enterprises. As a rule, the best domestic technology that has been developed or is already applied for producing foodstuffs of the best foreign analogues are taken as the starting point. Such experimental conclusion, as a rule, can be prepared by highly qualified experts from specialized research and development and design and construction institutions who are familiar with the advanced technologies that are used at the food industry enterprises in our country and abroad [7, p. 115].

Management of changes at an enterprise is one of the important components of the development of the economic potential growth strategy of the food industry enterprises and includes: strategic diagnostics, capacity building of the managers of the enterprise to support changes, plan the change process, preclude conflicts between the strategic and routine activities at the enterprise, adoption of strategic decisions, management of innovative production, development and implementation of the innovation strategy development and exercising the operational and strategic system of management.

When developing the economic potential growth strategy of enterprises it is advisable to apply a system of indices that characterize application of the science and technology achievements at the enterprise and reflect their individual parameters. The system is to include the indices that assess resources, innovation costs, number of personnel engaged in the innovation sphere, cost of the expanded reproduction of the fixed assets, results of the innovative activity that includes the number of inventions and discoveries and economic effect obtained by implementing innovations.

Simultaneous accounting of the system that includes all parameters requires various methodological approaches to making assessments. It envisages a necessity to define the assessment criteria of the organizational and technical level of the research, design and construction works that should include the achieved level, pace of development of the enterprise and determine a degree of their impact with the use of economical and mathematical methods. At the current stage of the food industry enterprise development there is a crucial need to invest in information technologies, resources, technologies and software as well as to ensure maximum use of the growth potential and priority development of the foodstuffs markets and infrastructure.

Formation of the objective prerequisites for a growth of the economic potential of the food industry enterprises is impossible in the absence of real investments, replenishment of the fixed-capital assets, restructuring of the entire financial and investment sphere and establishment of the congenial investment climate as an important competitive advantage for further economic and innovation development.

Conclusions and proposals. Innovation-oriented development of the food industry enterprises is the only possible way to maintain high dynamics of growth and strengthen the enterprise position under condition of depleting resources and higher competition on international markets. In the current context an active accomplishment of the innovation component becomes a significant factor that can advance the enterprise to the higher level of func-

tioning, make the basis for expansion of the output of products with innovation characteristics and improve competitiveness on the domestic and foreign markets. One of the main ways to enhance the innovation management level of the food industry enterprises is to improve the process of the accelerated mastering of new foodstuffs. Its efficiency is to be provided by adherence to a number of the proposed principles which content should be in accordance with the methods applied to change over the production to issue of new food products.

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УПРАВЛІННЯ ІННОВАЦІЙНОЮ ДІЯЛЬНІСТЮ ПРИ РЕАЛІЗАЦІЇ СТРАТЕГІЇ ЗРОСТАННЯ ПОТЕНЦІАЛУ ПІДПРИЄМСТВ ХАРЧОВОЇ ПРОМИСЛОВОСТІ

Резюме

Розглянуто особливості управління інноваційною діяльністю підприємств харчової промисловості при виборі стратегії зростання економічного потенціалу. У статті відображено теоретичні положення та методичні основи формування та реалізації інноваційної складової розвитку підприємств, що сприятиме зростанню економічного потенціалу підприємств та ефективності. Розроблена концептуальна схема формування та реалізації інноваційної складової стратегії зростання економічного потенціалу підприємств.

Ключові слова: інноваційна складова, стратегія зростання, економічний потенціал, підприємства харчової промисловості, управління інноваціями.

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УПРАВЛЕНИЕ ИННОВАЦИОННОЙ ДЕЯТЕЛЬНОСТЬЮ ПРИ РЕАЛИЗАЦИИ СТРАТЕГИИ РОСТА ПОТЕНЦИАЛА ПРЕДПРИЯТИЙ ПИЩЕВОЙ ПРОМЫШЛЕННОСТИ

Резюме

Рассмотрены особенности управления инновационной деятельностью предприятий пищевой промышленности при выборе стратегии роста экономического потенциала. В статье отражены теоретические положения и методические основы анализа инновационной составляющей развития предприятий, что будет способствовать росту экономического потенциала предприятий и их эффективной деятельности. Разработана концептуальная схема формирования и реализации инновационной составляющей стратегии роста экономического потенциала предприятий.

Ключевые слова: инновационная составляющая, стратегия роста, экономический потенциал, предприятия пищевой промышленности, управление инновациями.